

Exhibit 1

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Section: A

Road to New Life After Katrina Is Closed to Many

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CONVENT, La. This was not how Cindy Cole pictured her life at 26: living in a mobile home park called Sugar Hill, wedged amid the refineries and cane fields of tiny St. James Parish, 18 miles from the nearest supermarket. Sustaining three small children on nothing but food stamps, with no playground, no security guards and nowhere to go.

No, Ms. Cole was supposed to be paying \$275 a month for a two-bedroom house in the Lower Ninth Ward -- next door to her mother, across the street from her aunt, with a child care network that extended the length and breadth of her large New Orleans family. With her house destroyed and no job or savings, however, her chances of recreating that old reality are slim.

For thousands of evacuees like Ms. Cole, going home to New Orleans has become a vague and receding dream. Living in bleak circumstances, they cannot afford to go back, or have nothing to go back to. Over the two years since Hurricane Katrina hit, the shock of evacuation has hardened into the grim limbo of exile.

'We in storage,' said Ann Picard, 49, cocking her arm toward the blind white cracker box of a house she shares with Ms. Cole, her niece, and Ms. Cole's three children. 'We just in storage.'

Their options whittled away by government inaction, they represent a sharp contrast to the promise made by President Bush in Jackson Square on Sept. 15, 2005.

'Americans want the Gulf Coast not just to survive, but to thrive; not just to cope, but to overcome,' Mr. Bush said. 'We want evacuees to come home, for the best of reasons -- because they have a real chance at a better life in a place they love.'

As of late May, however, there were still more than 30,000 families displaced by Hurricanes Katrina and Rita spread across the country in apartments paid for by the Federal Emergency Management Agency, and another 13,000 families, down from a peak of nearly 18,000, marooned in trailer or mobile home parks, where hunger is so prevalent that lines form when the truck from the food bank appears.

Thousands of families have moved off disaster aid. It is not clear how many

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evacuees have permanently settled into their new communities, but postal delivery data suggest that more than 56,000 people have returned to New Orleans in the last year.

Those still in trailers and FEMA apartments are the least equipped to start over. In Houston, according to a city-sponsored survey in February, a third of the people in those apartments were elderly or disabled, a third were employed in mostly low-wage jobs, and a third were still looking for work.

Hardly any of the 77,000 rental units destroyed in New Orleans have been rebuilt, in fact, and the local and federal governments have done almost nothing to make it possible for low-income renters like Ms. Cole, who has a ninth-grade education, to return. Because she was never a homeowner, she is not eligible for a federally financed Road Home grant to rebuild her house, destroyed in the hurricane's floodwaters like the rest of her neighborhood.

With rents double or triple what they were before the storm, she could barely afford a studio apartment, much less anything like the little shotgun house she had, serenaded by brass band parades, on a street traditionally used by Mardi Gras Indians on carnival day.

Despite their longing, some evacuees are afraid to return; they must choose between formaldehyde-laced trailers and a city they view as contaminated, poorly protected from floods and more violent than ever before.

For those who do not plan to go back, or just want to sustain themselves until they can, government solutions like the trailer parks have turned out to be obstacles, especially for the many evacuees like Ms. Cole, who has no car and lost her job at Jack in the Box when she could no longer get a ride to work. At Sugar Hill, 18 miles from the nearest supermarket, the public bus stops only four times a week.

Into the Garbage Can

JoAnn Anderson needs a job.

She has filled out applications and taken drug tests. She has asked people who are already employed for help. A hotel housekeeper for 22 years in New Orleans, she has called every hotel and motel in the hotel and motel section of the Memphis Yellow Pages. They are not interested.

'I keep calling them back,' Ms. Anderson said. 'Once I get started working, I know they would like me because I know I do my best and I do my job. I want to work. I don't want to just sit around getting my bones all old and everything.'

Ms. Anderson, 53, and her longtime companion, Jeffery Evans, 52, are in the category of people for whom recovery is furthest from reach. Near the end of their working lives, unappealing to employers, yet financially unable to retire, many are on the brink of ruin -- or will be when their federal disaster assistance runs out.

'I was born poor; I'm probably going to die poor; and before the storm came through I was doing pretty good,' Ms. Anderson said. She and Mr. Evans paid \$325 a month for half a duplex in the Uptown section of New Orleans, with 'a little porch watching the laundrymat,' she said, 'and a backyard.' The streetcar took her right to her job at the Columns, an elegant 1883 hotel in the Garden District. Mr. Evans built cabinets and countertops.

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Now they live in a monochrome apartment complex. An empty swimming pool bakes in the Memphis heat, and frayed ropes dangle where the swings should be. FEMA pays the rent. Their social life consists of church on Sundays. For the first time in their lives, they are on food stamps, and to make them stretch, Ms. Anderson shuns the nearby Kroger in favor of a distant Save-a-Lot. Without a car, she trudges home from the bus stop with frozen turkey legs in a canvas bag over one shoulder.

For months, they searched the unfamiliar city for work -- she at hotels, he at temporary agencies and, when that failed, at fast-food restaurants. But being an evacuee seemed to be enough to tip the scales against them, perhaps, the couple said, because the evacuees who took jobs right after the storm were not in their right minds.

'I didn't really ever think that I was going to get hired, for the simple reason that I have to show my Louisiana ID,' Mr. Evans said. 'It was like, I give them an application, and from their hands to the garbage can.' At one business, he said, hurricane evacuees were required to take anger management tests.

Ms. Anderson said she applied at one hotel that never responded but, weeks later, was advertising for housekeepers again. She filled out another application.

In May, Mr. Evans finally found a warehouse job near downtown. The bus ride takes so long that he leaves the house at 5 a.m. to get there by 7. He earns \$6 an hour.

But Mr. Evans is not complaining. 'I've been trying to get a job forever,' he said, 'so I'm very, very satisfied that I got a job like that.'

Closed Doors for Renters

What makes this couple's situation all the more bitter is that New Orleans is desperate for workers like them. Luxury hotels are trying to recruit temporary employees from South America. Homeowners are desperate for craftsmen and builders.

But Ms. Anderson says the city is doing nothing to bring them back, pointing out that Charity Hospital, where the poor received heavily subsidized medical care, has not reopened.

'The places where poor people, poor black people lived at, they wasn't trying to fix up any housing,' she said. 'Everything was closed down.'

Only 21 percent of the 77,000 rental units in the five parishes in the New Orleans metropolitan area are slated to be rebuilt through government grants and tax credits, according to a recent study by PolicyLink, a nonprofit research institute, with a disproportionate number for families on teacher or police officer salaries, rather than much lower-paid home health aides or hotel clerks. Rents on the remaining units have doubled or even tripled.

Despite pitched opposition, the federal Department of Housing and Urban Development is going forward with plans to demolish and redevelop the city's four largest housing projects, knocking out 3,000 apartments that were occupied by low-income families before the storm and adding middle-income families to the mix. So far, there is money in place to rebuild only about 1,000 units affordable enough for previous residents.

At the state level, officials have allocated \$6.3 billion for the Road Home's assistance program for homeowners, dwarfing the \$869 million allocated to the Small

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Rental Property Program, which housing advocates say is the most likely to replace affordable units quickly.

And when the homeowner program faced a shortfall, one proposed solution was to transfer as much as \$667 million from the rental program to cover it, said Broderick Bagert, an organizer with the Jeremiah Group, which advocates for renters. That idea died, but the Louisiana Recovery Authority, which controls the money, recently voted to transfer 5 percent of the budget for renters to the fund for homeowners.

Walter J. Leger Jr., the chairman of the authority, said the 5 percent transfer was temporary to satisfy Congressional demands. Washington will be asked to replace the money down the road, he said.

Mr. Leger said the state's focus had been on homeowners in part because landlords were more likely to be insured, but he acknowledged the need to do more to replenish the city's work force. "We'd like to get more money for the rental program, if Washington will help," he said.

Poor renters, though, are not the only ones who need a hand. Terry Coggins, the coordinator of a consortium of aid groups in Memphis, said many middle-class people were only now asking for help.

"They've exhausted their savings," Mr. Coggins said. "They've exhausted their insurance money. They've exhausted their ability to drive back and forth and check on their property."

Barriers for Trailers

In many ways, evacuees have become the region's new pariahs, shunned by towns and parishes who have erected a number of legal barriers to keep them out.

At least five jurisdictions in Louisiana and Mississippi -- St. Bernard, St. John the Baptist, and Jefferson parishes in Louisiana and Pascagoula and Ocean Springs in Mississippi -- have begun revoking permits for trailers or allowing their zoning exemptions to expire. Those moves affect families still living in 7,400 trailers across the Gulf Coast, according to the Lawyers' Committee for Civil Rights Under Law, a group based in Washington that has sued to stop the evictions.

Joseph D. Rich, project director for fair housing and community development with the committee, said some jurisdictions have complained about crime in the trailer parks, prompting FEMA to provide extra security. Mr. Rich said he believed there was another motivation for banning trailers.

"There are severe racial overtones to these actions," he said. "Because there's all this concern that black and low-income people will be coming into your neighborhood."

Some local jurisdictions are also fighting to prevent the construction or repair of rental units. In Jefferson Parish, the suburb just west of New Orleans, officials blocked a 200-unit complex for the elderly in Terrytown, citing concerns that it would increase crime, and they are fighting a second complex for the elderly in Marrero. Westwego, also in Jefferson Parish, has placed a moratorium on multifamily buildings.

"You have some people that just lack any degree of civilization," said Chris Roberts, a Jefferson Parish councilman who has fought to remove FEMA trailers and

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block subsidized housing developments. "I think low-income housing which is not properly run invites those people."

Mr. Roberts complained that such residents were often idle, but many evacuees have burdens that prevent them from working.

Gwendolyn Marie Allen, 55, formerly of the Uptown section of New Orleans, now lives in Renaissance Village, a large FEMA trailer park near the Baton Rouge airport. Ms. Allen is the sole caretaker for a son, 20, who was given a diagnosis of schizophrenia after a violent episode in the park, and a severely retarded brother, who huddled on the bottom bunk of a bed in their travel trailer, clad only in adult diapers. In an interview, Ms. Allen periodically shushed his wordless moans by waving a green flyswatter in his direction.

"I want to get out of here, baby, this is not no house," she said. "I want something where he can move around."

As proof of her resourcefulness, Ms. Allen opened the freezer of the trailer's compact refrigerator where, to make room for bargain packs of meat from the supermarket, she had removed the shelves.

"The renters aren't asking that much, just give us a start," she said. "Put us there, and we could do what we have to do to survive. We could catch it from there."

Photos: Gwendolyn Marie Allen lives in a FEMA trailer near Baton Rouge with her son, who has schizophrenia, and her severely retarded brother, right. (Photograph by Lee Celano for The New York Times) (pg. A1); A VILLAGE IN DESPAIR Renaissance Village, its hopeful name dreamed up by the grateful evacuees who moved there after spending five weeks in a shelter after Hurricane Katrina, was the first and largest of the FEMA trailer parks for evacuees. Built on a cow pasture near the Baton Rouge airport, the village at first provided three meals a day and free propane. But other services, like a child care center and a playground, were gummed up for months in red tape, and residents began to complain of isolation and poor transportation. Officials acknowledged that as many as 200 children in the park were not attending school. Sister Judith Brun, who has been working with residents since the park opened, says the service network has broken down: "I have fewer answers, deeper concerns and less vision of what can be." (Photograph by Fred R. Conrad/The New York Times) (pg. A20); A NEW REALITY Cindy Cole, right, with her three children, from left, Montell, Myesha and Moesha, and her aunt Ann Picard, in the FEMA mobile home they all share. (Photograph by Lee Celano for The New York Times) (pg. A20); STARTING OVER Leslie Dorantes, a college dean's assistant who was four years away from a state pension when the hurricane hit, found work in Gonzales, La., only after a charity arranged transportation. (Photograph by Lee Celano for The New York Times) (pg. A20); LONG ROAD TO WORK Jeffery Evans relocated to Memphis after the storm and spent months seeking work before finding a warehouse job a two-hour bus ride away from the apartment FEMA pays for. (Photograph by Michael Hanson for The New York Times) (pg. A20); LINES FOR FOOD Joe Shelton, left, and Costello Robinson handling donations for residents of a FEMA mobile home park in Convent, La. Lines form when the truck from the food bank arrives. (Photograph by Lee Celano for The New York Times) (pg. A20)

Chart: "Where Hurricane Aid Recipients Are Living" Almost two years after Hurricanes Katrina and Rita struck, FEMA is still providing housing assistance to more than 44,000 families whose homes were damaged or destroyed and who have been unable to return to their properties. In areas with insufficient housing capacity, FEMA provides direct assistance in the form of trailers or mobile homes; elsewhere,

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FEMA helps families pay their rent. (Source: Federal Emergency Management Agency) (pg. A20)

---- INDEX REFERENCES ----

COMPANY: SAVE A LOT

NEWS SUBJECT: (Natural Disasters (1NA67); Social Issues (1SO05); Government (1GO80); Socio Economic Groups (1SO18))

INDUSTRY: (Residential Real Estate (1RE67); Plastics (1PL57); Housing (1HO38); Entertainment (1EN08); Medical Devices (1ME31); Chemicals (1CH04); Live Entertainment (1LI85); Urban Housing Policy (1UR02); Medical Plastics (1ME58); Polymers (1PO43); Real Estate (1RE57); Commodity Chemicals (1CO31))

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